



## ACM Legislative Update 3/31/06

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*Proudly Serving Charitable Gambling Organizations Throughout Minnesota*

### House Charitable Gambling Bills Update

On Tuesday, March 21, 2006 the House Regulated Industries Committee heard & passed **HF 3253 - ACM's Bar Bingo & Pull-tab Bill** & **HF 3254 - ACM's Sports Themed Tipboard Pilot Project Bill**. **HF 3253** & **HF 3254** as amended by the Committee were recommended to pass and re-referred to the House State Government Finance Committee. **HF 3253** & **HF 3254** were authored by Representatives **Tom Hackbarth** of Cedar, **Bill Hilty** of Finlayson, **Sondra Erickson** of Princeton, **Torrey Westrom** of Elbow Lake, & **Aaron Peterson** of Madison.

On Wednesday, March 23, 2006 the House Regulated Industries Committee heard & passed **HF 3194 - GCB's Charitable Gambling Policy Bill**. **HF 3194** as amended by the Committee was recommended to pass and sent to the House Floor. An updated summary

of **HF 3194** as amended is printed on pages 2 & 3. To view updated text of **HF 3194** see URL at bottom of page 3. **HF 3194** was authored by Representatives **Andy Westerberg** of Blaine & **Tom Hackbarth** of Cedar. *Contact the Gambling Control Board with questions, comments, or concerns about HF 3194 ASAP.*

On Tuesday, March 28, 2006 the House State Government Finance Committee heard & passed **HF 3253 - ACM's Bar Bingo & Pull-tab Bill** & **HF 3254 - ACM's Sports Themed Tipboard Pilot Project Bill**. **HF 3253** & **HF 3254** as amended by the Committee were recommended to pass and re-referred to the House Ways & Means Committee. Updated summaries of **HF 3253** & **HF 3254** as amended are printed on page 4. To view updated text of **HF 3253** & **HF 3254** see URLs at bottom of page 3.

### Senate Committee Passes Omnibus Charitable Gambling Bill

On Monday, March 27, 2006 the Senate Agriculture, Veterans, & Gaming Committee heard & passed **SF 2953 - GCB's Charitable Gambling Policy Bill**. Two amendments were adopted which made **SF 2953 the Senate 2006 Omnibus Charitable Gambling Policy Bill**. The 1st amendment offered by Senator **Ann Rest** of New Hope basically brought **SF 2953** in line with its House companion **HF 3194** (due to a technological glitch language from sub. 1 (f) of Sec. 21 differs in the House & Senate bills and will need to be corrected). The 2nd amendment offered by Senator **Paul Koering** of Fort Ripley added the updated House language of **SF 3388/ HF 3253 - ACM's Bar Bingo & Pull-tab Bill**. **SF 2953** as amended by the Committee was recommended to pass and sent to the Senate Floor. **SF 2953** was authored by Senators **Ann Rest** of New Hope, **Jim Vickerman** of

Tracy, **Betsy Wergin** of Princeton, **David Hann** of Eden Prairie, & **Yvonne Prettner Solon** of Duluth. *Contact the Gambling Control Board with questions, comments, or concerns about SF 2953 as soon as possible.*

The 1st Engrossment of **SF 2953 the Senate 2006 Omnibus Charitable Gambling Policy Bill** as passed by the Committee had not yet been posted as we went to press but should be available to be viewed in the next few days at: <http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S2953.1.html&session=ls84>

**SF 3388 - ACM's Bar Bingo & Pull-tab Bill** was authored by Senators **James Metzen** of South St. Paul, **David Tomassoni** of Chisholm, **Dick Day** of Owatonna, & **Paul Koering** of Fort Ripley.

# Updated House Research Bill Summary - HF 3194

**File Number:** H.F. 3194    **Date:** March 22, 2006    **Version:** *First Engrossment*

**Status:** *House Floor*    **Authors:** Westerberg

**Subject:** Lawful gambling bill    **Analyst:** Elisabeth Long

## Overview

*(changes from 3/17/06 ACM Legislative Update are in italics)*

This bill makes a variety of changes to Minnesota's lawful gambling laws, including numerous technical and housekeeping changes. Among other things, the bill authorizes button raffles, permits certain electronic fund transfers between organization accounts, clarifies conflict of interest provisions, and clarifies restrictions on local government fees for conducting lawful gambling. The bill also updates several provisions of current law to reflect the 2005 legislative authorization of electronic bingo devices.

The bill makes two changes related to statutory limits on allowable expenses for lawful gambling organizations. *First, it authorizes certain licensees to carry forward 15 percent of any positive allowable expense carryover amount and provides that the balance shall be used to offset future negative expense balances (§§ 6).* Second, it allows the Gambling Control Board to impose sanctions *or penalties* against organizations violating statutory allowable expenses limits (§ 9).

## Section

**1 Bingo.** Clarifies the definition of bingo to allow facsimile bingo paper sheets to be used in conjunction with an electronic bingo device.

**2 Electronic bingo device.** Clarifies that electronic bingo devices may be used to monitor facsimile bingo paper sheets in addition to bingo paper sheets.

**3 Gambling equipment.** Modifies the definition of gambling equipment to include electronic bingo devices.

**4 Gross receipts.** Modifies the definition of gross receipts to include receipts from sales of facsimile bingo paper sheets (used with electronic bingo devices) and the rental of electronic bingo devices.

**5 Lawful purpose.** Clarifies how organizations can contribute to scholarship funds as lawful purpose expenditures.

**6 Expenditure restrictions.** *Provides that for licenses renewed with an effective date between July 1, 2006, and June 30, 2008, an organization shall carry forward an amount equal to 15 percent of any positive allowable expense carryover amount. States that the balance must be used to offset any future negative expense balance at the time of license renewal.*

**7 Electronic bingo.** Modifies the requirement that bingo rules promulgated by the board must require electronic bingo devices to be used with bingo paper sheets to also allow electronic bingo devices to be used with facsimile bingo paper sheets printed at the point of sale.

**8 Conflict of interest.** Strikes an obsolete statutory reference. Prohibits the director of the board, members of the board, and employees of the board from purchasing any chance in a lawful gambling game, unless the purchase is part of an investigation.

**9 Issuance of gambling licenses.** *Clarifies that the board may by rule impose sanctions or penalties on an organization for violating allowable expense limits.*

**10 Prohibition (Registration of equipment).** Strikes obsolete statutory language.

**11 Sales from facilities.** Strikes obsolete reference to unaffixed registration stamps.

**12 Attachments to application (for linked bingo provider licenses).** Reduces from \$250,000 to \$100,000 the principal bond requirement for applicants for linked bingo provider licenses.

**13 Prohibition (linked bingo provider licenses).** Current law prohibits linked bingo game providers from (1) holding financial or managerial interests in leased bingo premises; (2) being licensed as a distributor or holding any financial or managerial interest in a distributor; (3) selling or leasing linked bingo game equipment to anyone not licensed as an organization; (4) purchasing gambling equipment to be used exclusively in a linked bingo game from any person not licensed as a manufacturer; and (5) providing a lessor of gambling premises or an appointed official any compensation, gift, gratuity, premium or contribution.

(continued from page 2)

This section expands the prohibitions that currently apply to linked bingo game providers to also apply to the employees, representatives, agents, and affiliates of linked bingo game providers. This section also identifies a new type of prohibited conduct: giving the employee or agent of an organization anything worth more than \$25 per year, per organization.

**14 Exclusions.** Clarifying language.

**15 Exemptions.** Specifies that the board may refuse to issue an exempt permit to an applicant whose application is incomplete or knowingly contains false or inaccurate information.

**16 Gambling manager required.** Makes a technical change to clarify the responsibilities of gambling managers for their organization's gambling gross receipts.

**17 Employment of certain persons.** Clarifies who can be employed by a lawful gambling organization. Specifies that an organization leasing premises cannot compensate the lessor, a member of the lessor's immediate family, or the lessor's employees, except for selling pull-tabs and tipboards within a booth operation on the premises. Allows an organization to compensate a member of a lessor's immediate family for the conduct of gambling at other sites not owned by the lessor.

**18 Bingo cards and sheets.** Clarifies how bingo is conducted using electronic bingo devices.

**19 Conduct of bingo.** Clarifies how bingo is conducted using electronic bingo devices. Removes references to obsolete bingo equipment.

**20 Conduct of raffles.** Authorizes the sale of buttons (with a nominal value of less than \$5) as certificates of participation for entry in a raffle. (In button raffles, each button has a unique number, much like a raffle ticket.)

**21 Lease or ownership required; rent limitations.** Strikes obsolete dates and references. *Clarifies that only a licensed organization may conduct an activity in a booth operation on leased premises.* Provides that employees of a lessor not involved in the conduct of lawful gambling on the premises and nongambling employees of an organization conducting lawful gambling on the premises may participate in lawful gambling on the premises if the organization posts the major prizes awarded for pull-tabs and tipboards.

**22 Accounts.** Allows an organization to transfer the amount of gambling taxes due from the organization's gambling account to its general account when taxes become due. Restricts organizations to a single electronic fund transfer for the payment of the taxes of the organization as a whole.

**23 Expenditures.** Clarifies the expenditures of lawful gambling gross profits that can be transferred electronically from an organization's gambling account directly to bank accounts, specifying that payments for taxes and allowable expenses may be transferred as such. Clarifies that electronic payments of allowable expenses are permitted only if they are verifiable, the organization keeps supporting documentation, and the organization's membership approves of the electronic payments.

**24 Local regulation.** Clarifies local fee restrictions on permits for the conduct exempt gambling. Current law prohibits local units of government from requiring a license or fee for a license or permit to conduct gambling by organizations or sales by licensed distributors or licensed linked bingo game providers. This section clarifies that local fees are also prohibited for licenses or permits to conduct gambling by gambling managers, gambling employees, and for distributors or linked bingo game providers registered with the board.

**25 Effective date.** *Makes this act effective the day following final enactment.*

*(changes from 3/17/06 ACM Legislative Update are in italics)*

## Updated HF 3194, HF 3253, & HF 3254 Text

To view **HF 3194** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3194.1.html&session=ls84>

To view **HF 3253** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3253.1.html&session=ls84>

To view **HF 3254** text go to:

<http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=H3254.2.html&session=ls84>

# Updated House Research Bill Summary - HF 3253 & HF 3254

**File Number:** H.F. 3253    **Date:** March 28, 2006    **Version:** *First Engrossment*  
**Status:** *Ways and Means Committee*    **Authors:** Hackbarth and others  
**Subject:** Bar bingo and pull-tabs    **Analyst:** Elisabeth Long

## Overview

This bill authorizes linked bingo games at bar bingo occasions. The bill also requires the Gambling Control Board (board) to authorize, by rule (1) cumulative and carryover pull-tabs (subject to a statutory a maximum prize limit of \$2,500); and (2) pull-tab event games.

### Section

**1 Bar bingo.** Strikes language prohibiting linked bingo games at bar bingo occasions.

**2 Conduct of pull-tabs.** Establishes a new section of law regulating cumulative and carryover pull-tab games and event games.

**Subdivision 1. Cumulative or carryover games.** Requires the board to authorize, by rule, the conduct of pull-tab games with multiple seals and to adopt rules for pull-tab games with cumulative or carryover prizes.

**Subd. 2. Event games.** Requires the board to authorize, by rule, pull-tab games in which winners are determined either by the random selection of bingo numbers or by another method approved by the board.

**3 Pull-tab prizes.** Current law limits the maximum prize awarded for a single pull-tab to \$599. This bill would establish a different prize limit for cumulative or carryover prizes - \$2,500.

**4 Effective date.** *Makes this act effective the day following final enactment.*

**File Number:** H.F. 3254    **Date:** March 28, 2006    **Version:** *Second Engrossment*  
**Status:** *Ways and Means Committee*    **Authors:** Hackbarth and others  
**Subject:** Sports-themed tipboard pilot project    **Analyst:** Elisabeth Long

## Overview

This bill directs the Gambling Control Board (board) to conduct a sports-themed tipboard pilot project. This language was included in the omnibus gaming policy bill passed by the House last session (H.F. 1801, third engrossment), but was removed during conference committee.

### Section

**1 Sports-themed tipboards.**

**Subdivision 1. Pilot project.** Directs the board to conduct a sports-themed tipboard pilot project. Requires the pilot project to provide for operation procedures, internal control standards, posted information, records, reports, award of prizes, method of payout, wagers, determination of winners, and specifications of tipboards. Limits maximum prizes awarded to \$500 and limits the maximum price of each chance to \$10. Requires the board to select ten sites for sale of sports-themed tipboards, selected to achieve geographic balance. Makes the board responsible for all administrative costs associated with establishing the pilot project. *Prohibits the board and the attorney general from using state funds to defend lawsuits challenging the projects. Forbids charitable organizations from using net proceeds of gambling for this purpose.*

**Subd. 2. Report.** Requires a report to the legislature by February 15, 2007.

**Subd. 3. Sunset.** Provides that this section expires January 15, 2007.

*(changes from 3/17/06 ACM Legislative Update are in italics)*



**Legislative Update**  
**3/31/06**

